

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF BLUE GRASS ENERGY COOPERATIVE) CASE NO.
CORPORATION FOR AN ADJUSTMENT OF RATES) 2014-00339

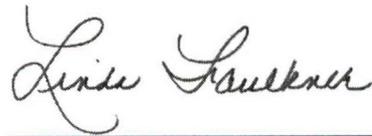
NOTICE OF FILING

Notice is given to all parties that the following materials have been filed into the record of this proceeding:

- The digital video recording of the evidentiary hearing conducted on April 15, 2015 in this proceeding;
- Certification of the accuracy and correctness of the digital video recording;
- All exhibits introduced at the evidentiary hearing conducted on April 15, 2015 in this proceeding;
- A written log listing, *inter alia*, the date and time of where each witness' testimony begins and ends on the digital video recording of the evidentiary hearing conducted on April 15, 2015.

A copy of this Notice, the certification of the digital video record, hearing log, and exhibits have been electronically served upon all persons listed at the end of this Notice. Parties desiring an electronic copy of the digital video recording of the hearing in Windows Media format may download a copy at: http://psc.ky.gov/av_broadcast/2014-00339/2014-00339_15Apr15_Inter.aspx. Parties wishing an annotated digital video recording may submit a written request by electronic mail to pscfilings@ky.gov. A minimal fee will be assessed for a copy of this recording.

Done at Frankfort, Kentucky, this 20th day of April 2015.

A handwritten signature in cursive script that reads "Linda Faulkner".

Linda Faulkner
Director, Filings Division
Public Service Commission of Kentucky

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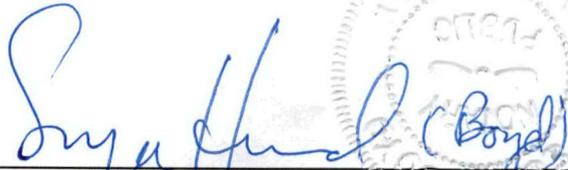
APPLICATION OF BLUE GRASS ENERGY)
COOPERATIVE CORPORATION FOR AN) CASE NO. 2014-00339
ADJUSTMENT OF RATES)

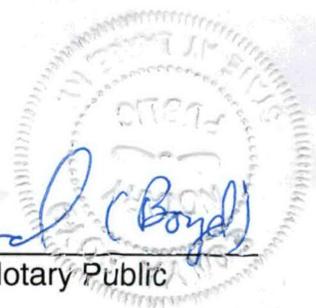
CERTIFICATE

I, Sonya Harward, hereby certify that:

1. The attached DVD contains a digital recording of the Hearing conducted in the above-styled proceeding on April 15, 2015. Hearing Log, Exhibit, Exhibit List, and Witness List are included with the recording on April 15, 2015.
2. I am responsible for the preparation of the digital recording.
3. The digital recording accurately and correctly depicts the Hearing of April 15, 2015.
4. The "Exhibit List" attached to this Certificate correctly lists the Exhibit introduced at the Hearing of April 15, 2015.
5. The "Hearing Log" attached to this Certificate accurately and correctly states the events that occurred at the Hearing of April 15, 2015 and the time at which each occurred.

Given this 20th day of April, 2015.


Sonya Harward (Boyd), Notary Public
State at Large
My commission expires: August 27, 2017





Session Report - Detail

2014-00339_15April2015

Blue Grass Energy Coop. Corp.

Date:	Type:	Location:	Department:
4/15/2015	General Rates	Public Service Commission	Hearing Room 1 (HR 1)

Judge: David Armstrong; Jim Gardner; Dan Logsdon

Witness: James Adkins - for Blue Grass Energy; Donald Smothers - Blue Grass Energy Coop, Corp,; Mike Williams - Blue Grass Energy Coop. Corp.

Clerk: Sonya Harward

Event Time	Log Event
9:50:56 AM	Session Started
9:51:01 AM	Session Paused
10:00:47 AM	Session Resumed
10:00:50 AM	Atty. Mark David Goss - Blue Grass Energy - Introductions Note: Harward, Sonya Accompanied by Atty. Howard Downing, General Counsel for Blue Grass, and Mike Williams.
10:01:16 AM	Chairman David Armstrong - Introductions Note: Harward, Sonya Introduces Vice Chairman Gardner and Commissioner Dan Logsdon.
10:01:37 AM	Atty. Goss - Additional Introduction Note: Harward, Sonya Atty. Evan Buckley
10:01:53 AM	Commission Staff Introductions Note: Harward, Sonya Attorneys Nancy Vinsel, Jeb Pinney, and Jonathan Beyer
10:01:59 AM	Atty. Angela Goad - Attorney General Note: Harward, Sonya Accompanied by Atty. Jennifer Hans.
10:02:12 AM	Public Comments Note: Harward, Sonya None
10:03:18 AM	Atty. Goss - Outstanding Motions Note: Harward, Sonya (1) Motion concerning Notice and limited deviation. (2) Motion to approve Stipulation and Settlement Agreement. (3) Motion for Leave to Supplement the Record with Additional Testomony.
10:07:16 AM	Atty. Pinney - Question about Notice
10:07:58 AM	Witness Mike Williams - Blue Grass Energy - takes the stand and is sworn in. Note: Harward, Sonya President and CEO of Blue Grass Energy Coop. Corp.
10:09:44 AM	Atty. Goss Direct Exam of Witness Williams Note: Harward, Sonya Confirms that all pre-filed testimony is accurate.
10:10:48 AM	Atty. Vinsel Cross Exam of Witness Williams Note: Harward, Sonya Referencing the Joint Motion in the Stipulation Agreement that was filed on 4/14/15, p. 2, paragraph 1, the very last sentence, and asks Witness to explain what is meant by that sentence.
10:14:28 AM	Atty. Vinsel to Witness Williams Note: Harward, Sonya Asking if Settlement accounts fully for the interest rates.
10:15:20 AM	Atty. Vinsel to Witness Williams Note: Harward, Sonya Asking if interest rates will require Blue Grass Energy to file for a rate increase.
10:16:30 AM	Atty. Vinsel to Witness Williams Note: Harward, Sonya Referencing Motion for Leave to Supplement the Record, Exhibit D, proposed tariff sheet 6, asking if Blue Grass would be willing to update this sheet to note each date each phases is effective.
10:19:26 AM	PSC - Exhibit 1 Note: Harward, Sonya Document with headings Inclining Block and Rate RS. [It is later noted that Rate RS should be Rate GS1.]

10:19:38 AM	Atty. Vinsel to Witness Williams Note: Harward, Sonya	Referencing Motion for Leave to Supplement the Record, Exhibit D, proposed tariff sheet 5a.
10:22:27 AM	Atty. Vinsel - Correction to PSC - Exhibit 1 Note: Harward, Sonya	Should not be "Rate RS"; should be "Rate GS1."
10:24:24 AM	Atty. Vinsel to Witness Williams Note: Harward, Sonya	Asking about Rate GS1 being revenue neutral.
10:26:04 AM	Atty. Vinsel to Witness Williams Note: Harward, Sonya	Asking if the declining block rate is reasonable.
10:27:08 AM	Atty. Vinsel to Witness Williams Note: Harward, Sonya	Referencing the response to Comm. Staff's Third Request for Information, Item 7.a., p. 2 of 3, regarding prepay customers.
10:29:34 AM	Atty. Vinsel to Witness Williams Note: Harward, Sonya	Referencing the 2013 Reliability Report and the 2014 Vegetaion Management Report, regarding filing the newest information.
10:30:13 AM	POST HEARING DATA REQUEST by Atty. Vinsel Note: Harward, Sonya	File the new Vegetaion Management Report and the Annual Reliability Report.
10:30:35 AM	Atty. Vinsel to Witness Williams Note: Harward, Sonya	Asking how Blue Grass maintains the overhead lines.
10:31:46 AM	Atty. Vinsel to Witness Williams Note: Harward, Sonya	Asking about the Vegetation Management Plan for right of ways.
10:33:53 AM	Atty. Vinsel to Witness Williams Note: Harward, Sonya	Referencing response to Attorney General's Second Request for Information, Item 2, regarding the basis for the amount reflected in this response.
10:38:45 AM	Vice Chairman Gardner Cross Exam of Witness Williams Note: Harward, Sonya	Referencing the Application, regarding what the OTIER was for 2014.
10:39:56 AM	Vice Chairman Gardner to Witness Williams Note: Harward, Sonya	Asking what Blue Grass Energy's opinion is about the prepay program.
10:41:47 AM	Vice Chairman Gardner to Witness Williams Note: Harward, Sonya	Asking if Blue Grass Energy has considered the KER Rider.
10:42:25 AM	Commissioner Logsdon Cross Exam of Witness Williams Note: Harward, Sonya	Referencing Comm. Staff's First Request for Information, Item 49, regarding DSM programs.
10:43:18 AM	POST HEARING DATA REQUEST by Commissioner Logsdon (and Vice Chairman Gardner) Note: Harward, Sonya	Provide how many people participate in the DSM programs and any promotional materials that are prepared for these programs (broken down by program) and the total dollar amount for the DSM programs.
10:45:19 AM	Commissioner Logsdon to Witness Williams Note: Harward, Sonya	Asking about raises to employees during the recession.
10:46:50 AM	Witness Williams dismissed from the stand.	
10:47:01 AM	Witness Jim Adkins - for Blue Grass Energy - takes the stand and is sworn in.	
	Note: Harward, Sonya	President of Adkins Consulting Services
10:49:04 AM	Atty. Goss Direct Exam of Witness Adkins Note: Harward, Sonya	Confirms that all pre-filed testimony is accurate.
10:50:13 AM	Atty. Pinney Cross Exam of Witness Adkins Note: Harward, Sonya	Asking about loans with FFB.
10:50:54 AM	Atty. Pinney to Witness Adkins Note: Harward, Sonya	Referencing the response to Comm. Staff's Second Request for Information, Item 3.b., p. 2 of 2, regarding meter reading charge when AMR meter is declined by a customer.

10:53:17 AM	Atty. Pinney to Witness Adkins Note: Harward, Sonya	Referencing the response to Comm. Staff's Second Request for Information, Item 25, regarding meter reading charge increase from tariff sheet 35.
10:54:31 AM	Atty. Pinney to Witness Adkins Note: Harward, Sonya	Referencing Settlement Agreement, Exhibit D, regarding the Inclining Block Rate.
10:57:21 AM	Atty. Pinney to Witness Adkins Note: Harward, Sonya	Asking Witness what 'revenue neutral' really means.
10:58:26 AM	POST HEARING DATA REQUEST by Atty. Pinney Note: Harward, Sonya	Provide Exhibit C of the Settlement Agreement in electronic format.
10:58:57 AM	Atty. Pinney to Witness Adkins Note: Harward, Sonya	Asking about the FFB's current interest rate.
11:00:14 AM	Atty. Pinney to Witness Adkins Note: Harward, Sonya	Asking Witness about knowledge of such large increase in salary given by other cooperatives.
11:01:04 AM	Vice Chairman Gardner Cross Exam of Witness Adkins Note: Harward, Sonya	Referencing Witness's Testimony, p. 8 of 10, Item 13, regarding how increase was determined.
11:03:42 AM	Vice Chairman Gardner to Witness Adkins Note: Harward, Sonya	Asking about it being more important for a distribution cooperative to have a higher customer charge for its revenue recovery than a G&T.
11:05:54 AM	Witness Adkins dismissed from the stand.	
11:06:04 AM	Witness Donald Smothers - Blue Grass Energy - takes the stand and is sworn in. Note: Harward, Sonya	Vice President and Chief Financial Officer for Blue Grass Energy
11:07:11 AM	Atty. Goss Direct Exam of Witness Smothers Note: Harward, Sonya	Confirms that all pre-filed testimony is accurate.
11:07:59 AM	Atty. Vinsel Cross Exam of Witness Smothers Note: Harward, Sonya	Referencing the proposed tariff sheet 35, regarding increase in meter reading fee and there not being a meter reading fee before this time.
11:10:11 AM	Atty. Vinsel to Witness Smothers Note: Harward, Sonya	Asking about converting variable rate loans to fixed loans.
11:11:15 AM	Atty. Vinsel to Witness Smothers Note: Harward, Sonya	Asking Witness how the customer charge for the Inclining Block Rate was determined.
11:11:59 AM	Atty. Vinsel to Witness Smothers Note: Harward, Sonya	Asking Witness if Blue Grass Energy would consider an effective date for the inclining block rate to be the same as Phase 2.
11:12:28 AM	Atty. Goss - Interjects Additional Information	
11:13:09 AM	Atty. Vinsel to Witness Smothers Note: Harward, Sonya	Asking Witness about prepay program customer behavior.
11:14:14 AM	Atty. Vinsel to Witness Smothers Note: Harward, Sonya	Asking Witness how prepay members receive notice.
11:14:48 AM	Vice Chairman Gardner Cross Exam of Witness Smothers Note: Harward, Sonya	Asking Witness for OTIER for 2014.
11:15:48 AM	Vice Chairman Gardner to Witness Smothers Note: Harward, Sonya	Referencing Witness's Testimony, H-2, filed with Application, p. 3 of 3, question 11, regarding having additional DSM programs.
11:17:13 AM	Atty. Goss Re-Direct Exam of Witness Smothers Note: Harward, Sonya	Asking for clarification about the customer charge.
11:18:22 AM	Witness Smothers dismissed from the stand.	
11:18:32 AM	Review of POST HEARING DATA REQUESTS - due 4/22/15	

11:20:37 AM POST HEARING DATA REQUEST by Chairman Armstrong
Note: Harward, Sonya Provide the longest length of wiring from pole to pole that Blue
Grass Energy serves.

11:23:29 AM Chairman Armstrong - Swears all parties to the terms of the Settlement Agreement
Note: Harward, Sonya Reads the charge.

11:24:54 AM Hearing Adjourned

11:25:07 AM Session Paused



Exhibit List Report

2014-00339_15April2015

Blue Grass Energy Coop. Corp.

Name:

Description:

PSC - Exhibit 1

Document with headings Inclining Block and Rate RS. [It is later noted that Rate RS should be Rate GS1.]

Total Usage Incremental Blocks

Inclining Block

Rate RS

		Customer Charge: \$13.85			Customer Charge: \$12.00		
		\$/kwh	13.85	<u>Total Bill</u>	\$/kwh	12	<u>Total Bill</u>
0	0	0.07784	0.00	13.85	0.0889	0	12.00
100	100	0.07784	7.78	21.63	0.0889	8.89	20.89
200	200	0.07784	15.57	29.42	0.0889	17.78	29.78
300	100	0.09284	9.28	38.70	0.0889	26.67	38.67
400	200	0.09284	18.57	47.99	0.0889	35.56	47.56
500	300	0.09284	27.85	57.27	0.0889	44.45	56.45
600	100	0.10284	10.28	67.55	0.0889	53.34	65.34
700	200	0.10284	20.57	77.84	0.0889	62.23	74.23
800	300	0.10284	30.85	88.12	0.0889	71.12	83.12
900	400	0.10284	41.14	98.41	0.0889	80.01	92.01
1000	500	0.10284	51.42	108.69	0.0889	88.9	100.90
1100	600	0.10284	61.70	118.97	0.0889	97.79	109.79
1200	700	0.10284	71.99	129.26	0.0889	106.68	118.68
1300	800	0.10284	82.27	139.54	0.0889	115.57	127.57
1400	900	0.10284	92.56	149.83	0.0889	124.46	136.46
1500	1000	0.10284	102.84	160.11	0.0889	133.35	145.35

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